

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 AID-05 CIAE-00 DODE-00 PM-04

H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 /067 W

-----008779 200857Z /12

R 200740Z JUN 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 1859

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

LIMITED OFFICIAL USE JAKARTA 8083

E.O. 11652: NA

TAGS: PINT, ID

SUBJECT: BULOG CORRUPTION CASE

REF: (A) JAKARTA 06474, (B) JAKARTA 06729

1. SUMMARY. JAKARTA'S PRESS REPORTS ACCUSATIONS OF THE INVOLVEMENT OF HIGH BULOG OFFICIALS IN THE EAST KALIMANTAN BULOG CORRUPTION CASE. END SUMMARY.

2. THE BULOG CORRUPTION CASE, WHICH LED TO A LIFE SENTENCE ON "ECONOMIC CONSPIRACY" CHARGES FOR THE FORMER EAST KALIMANTAN BULOG CHIEF BUDIAJI (REFERENCE A), CONTINUES TO PERCOLATE. WHILE BUDIAJI HAS DECIDED NOT TO APPEAL HIS SENTENCE AND HAS INSTEAD ASKED PRESIDENT SUHARTO FOR CLEMENCY, HIS ATTORNEY IS CLAIMING PUBLICLY THAT HIGH BULOG OFFICIALS INSTIGATED AND MASTERMINDED THE SWINDLE AND RECEIVED LARGE PAYOFFS FROM BUDIAJI.

3. ACCORDING TO THE RESPECTED JAKARTA DAILY SINAR HARAPAN, BUDIAJI'S ATTORNEY SHOWED THEIR REPORTER A LIST OF 35 BULOG OFFICIALS WHO PURPORTEDLY RECEIVED PAYMENTS FROM BUDIAJI, LIMITED OFFICIAL USE

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25 OF THEM IN LUMP SUM "HOLIDAY ALLOWANCES" TOTALLING ABOUT US\$15 THOUSAND AND TURNED OVER LAST SEPTEMBER 1, AND THE REMAINING TEN IN REGULAR MONTHLY INSTALLMENTS, TOTALLING ABOUT US\$40 THOUSAND EACH MONTH. THE PRINCIPAL RECIPIENT OF THIS LARGESSE, ACCORDING TO THE SINAR HARAPAN ACCOUNT, WAS A DRS. S.M., WHO PERSONALLY RECEIVED SOME US\$20 THOUSAND EACH MONTH. (COMMENT: WHILE THE PAPER, ACCORDING TO INDONESIAN

PRACTICE, USED INITIALS RATHER THAN A NAME, THE REFERENCE IS CLEARLY TO DRS. SIDIK MOELJONO, COORDINATOR OF BULOG'S EXPERTS' STAFF, WHO REPORTS DIRECTLY TO BULOG CHIEF BUSTANIL ARIFIN.)

4. BUDIAJI'S ATTORNEY, ACCORDING TO SINAR HARAPAN, INTENDS TO PRESENT HIS CHARGES BEFORE AN OPEN SESSION OF A PARLIAMENTARY COMMITTEE, AT A TIME NOT YET SET. HE IS UNWILLING, AT THIS TIME, TO TURN HIS EVIDENCE OVER TO THE ATTORNEY GENERAL, AS ARIFIN HAD EARLIER CHALLENGED HIM TO DO.

5. ARIFIN, MEANWHILE, IS NOW IN THE UNITED STATES, AS REPORTED IN REFERENCE B. AFTER ATTENDING A MEETING OF THE US RICE MILLERS ASSOCIATION IN HAWAII, HE WILL CONDUCT SOME PL-480 BUSINESS AND, ACCORDING TO SINAR HARAPAN, TAKE SOME "MEDICAL LEAVE." THE EMBASSY IS UNABLE TO CONFIRM ARIFIN'S NEED FOR OR INTENTION TO TAKE "MEDICAL LEAVE."  
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## Message Attributes

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**Review Markings:**  
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